

**National Down
Syndrome Society**
Financial Statements
March 31, 2019 and 2018



National Down Syndrome Society

Table of Contents

March 31, 2019 and 2018

	Page(s)
<i>Independent Auditors' Report</i>	<i>1-2</i>
<i>Statements of Financial Position</i>	<i>3</i>
<i>Statements of Activities</i>	<i>4</i>
<i>Statements of Functional Expenses</i>	<i>5</i>
<i>Statements of Cash Flows</i>	<i>6</i>
<i>Notes to Financial Statements</i>	<i>7-18</i>

Independent Auditors' Report

Board of Directors
National Down Syndrome Society

We have audited the accompanying financial statements of National Down Syndrome Society, which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Down Syndrome Society as of March 31, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited National Down Syndrome Society's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mazars USA LLP

August 20, 2019

National Down Syndrome Society

Statements of Financial Position

March 31, 2019

(With Summarized Comparative Information for 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 580,586	\$ 754,279
Contributions receivable	198,596	158,226
Investments, at fair value	10,959,231	11,140,611
Prepaid expenses and other assets	133,241	136,614
Property and equipment, net	<u>43,321</u>	<u>67,865</u>
Total assets	<u>\$ 11,914,975</u>	<u>\$ 12,257,595</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 396,504	\$ 253,164
Deferred rent	105,629	109,875
Deferred revenue	<u>62,647</u>	<u>9,936</u>
Total liabilities	<u>564,780</u>	<u>372,975</u>
Net Assets		
Without donor restrictions:		
Undesignated	2,839,341	3,612,902
Designated by the Board for endowment	<u>7,019,350</u>	<u>6,792,652</u>
	9,858,691	10,405,554
With donor restrictions:		
Time and purpose restrictions	418,063	405,625
Endowment fund	<u>1,073,441</u>	<u>1,073,441</u>
Total net assets	<u>11,350,195</u>	<u>11,884,620</u>
Total liabilities and net assets	<u>\$ 11,914,975</u>	<u>\$ 12,257,595</u>

The accompanying notes are an integral part of these financial statements.

National Down Syndrome Society

Statements of Activities

Year Ended March 31, 2019

(With Summarized Comparative Information for 2018)

	Without Donor Restrictions	With Donor Restrictions		Total	
		Program and Time Restrictions	Endowment Funds	2019	2018
Revenue and Other Support					
Contributions	\$ 1,347,687	\$ 233,056	\$ -	\$ 1,580,743	\$ 1,966,435
National Buddy Walk	-	400,617	-	400,617	419,790
In-kind contributions	389,315	-	-	389,315	792,637
Special events	\$ 659,837	-	-	-	-
Less: direct benefit costs	<u>(409,603)</u>	250,234	-	250,234	387,616
Conference income	12,644	-	-	12,644	35,911
Miscellaneous income	8,481	-	-	8,481	32,013
Net assets released from restrictions	621,235	<u>(621,235)</u>	-	-	-
Total revenue and other support	<u>2,629,596</u>	<u>12,438</u>	<u>-</u>	<u>2,642,034</u>	<u>3,634,402</u>
Expenses					
Program services					
Public policy	794,379	-	-	794,379	401,621
Public awareness	927,156	-	-	927,156	1,960,055
Buddy Walks	335,845	-	-	335,845	284,759
Community relations	852,374	-	-	852,374	853,028
Total program services	<u>2,909,754</u>	<u>-</u>	<u>-</u>	<u>2,909,754</u>	<u>3,499,463</u>
Support services					
Management and general	194,143	-	-	194,143	326,168
Fundraising	465,080	-	-	465,080	681,030
Total supporting services	<u>659,223</u>	<u>-</u>	<u>-</u>	<u>659,223</u>	<u>1,007,198</u>
Total expenses	<u>3,568,977</u>	<u>-</u>	<u>-</u>	<u>3,568,977</u>	<u>4,506,661</u>
Change in net assets before investment income	(939,381)	12,438	-	(926,943)	(872,259)
Investment income	392,518	-	-	392,518	895,889
Change in net assets	<u>(546,863)</u>	<u>12,438</u>	<u>-</u>	<u>(534,425)</u>	<u>23,630</u>
Net assets, beginning of year	10,405,554	405,625	1,073,441	11,884,620	11,860,990
Net assets, end of year	<u>\$ 9,858,691</u>	<u>\$ 418,063</u>	<u>\$ 1,073,441</u>	<u>\$ 11,350,195</u>	<u>\$ 11,884,620</u>

The accompanying notes are an integral part of these financial statements.

National Down Syndrome Society

Statements of Functional Expenses

Year Ended March 31, 2019

(With Summarized Comparative Information for 2018)

	Program Services					Supporting Services			Total	
	Public Policy	Public Awareness	Buddy Walks	Community Relations	Total	Management and General	Fundraising	Direct Expenses of Special Events	2019	2018
Salaries	\$ 243,823	\$ 308,011	\$ 122,961	\$ 271,126	\$ 945,921	\$ 61,205	\$ 97,662	\$ -	\$ 1,104,788	\$ 1,037,736
Payroll taxes and employee benefits	35,990	45,465	18,150	40,017	139,622	9,034	14,417	-	163,073	156,701
Total personnel costs	279,813	353,476	141,111	311,143	1,085,543	70,239	112,079	-	1,267,861	1,194,437
Printing publication and films	23,417	209,514	38,369	42,026	313,326	2,908	52,935	-	369,169	852,021
Website	6,104	6,104	6,104	6,104	24,416	4,023	6,104	-	34,543	48,548
Grants and awards	2,074	-	-	28,547	30,621	397	1,066	-	32,084	30,063
Affiliate support	600	-	375	17,693	18,668	-	400	-	19,068	28,234
Consultants	118,000	175,000	28,567	73,833	395,400	3,384	82,618	-	481,402	825,349
Professional fees	17,839	17,930	17,666	17,878	71,313	69,334	35,851	-	176,498	177,581
Travel and meetings	66,603	57,899	28,372	89,243	242,117	9,403	79,327	-	330,847	687,033
Conferences	180,761	-	28,753	170,324	379,838	219	4,032	-	384,089	153,363
Team NDSS Race entrees and food	-	7,500	-	2,500	10,000	-	14,915	-	24,915	-
Entertainment costs	-	-	-	-	-	-	-	70,744	70,744	-
Facilities and food costs	-	-	-	-	-	-	-	185,492	185,492	-
Donated supplies and services	-	-	-	-	-	-	-	153,368	153,368	-
Equipment leasing	2,196	2,774	1,107	2,442	8,519	551	880	-	9,950	9,985
Supplies	2,182	2,643	1,769	2,460	9,054	327	2,734	-	12,115	17,751
Computer and technology	6,609	6,609	6,609	6,609	26,436	6,886	8,500	-	41,822	19,395
Postage and delivery	2,456	2,795	3,291	3,741	12,283	1,031	14,595	-	27,909	42,250
Telephone and internet	8,801	10,300	4,382	11,213	34,696	2,117	3,538	-	40,351	35,438
Occupancy charges	38,832	49,055	19,583	43,178	150,648	9,748	15,554	-	175,950	159,622
Repairs and service contracts	1,433	1,811	723	1,594	5,561	359	574	-	6,494	10,073
Insurance	1,061	1,341	535	1,181	4,118	2,437	712	-	7,267	13,202
Bank and credit card fees	1,017	1,000	1,000	970	3,987	3,015	14,853	-	21,855	60,253
Dues and subscriptions	17,781	7,598	2,016	6,660	34,055	1,002	7,494	-	42,551	35,356
Miscellaneous	10,693	6,092	2,433	6,244	25,462	5,230	3,873	-	34,565	87,955
Depreciation and amortization	6,107	7,715	3,080	6,791	23,693	1,533	2,446	-	27,672	18,752
Total	794,379	927,156	335,845	852,374	2,909,754	194,143	465,080	409,604	3,978,581	4,506,661
Less direct expenses deducted	-	-	-	-	-	-	-	(409,604)	(409,604)	-
Total expenses	\$ 794,379	\$ 927,156	\$ 335,845	\$ 852,374	\$ 2,909,754	\$ 194,143	\$ 465,080	\$ -	\$ 3,568,977	\$ 4,506,661

The accompanying notes are an integral part of these financial statements.

National Down Syndrome Society

Statements of Cash Flows

Year Ended March 31, 2019

(With Summarized Comparative Information for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (534,425)	\$ 23,630
Adjustments to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities:		
Depreciation and amortization	27,672	18,752
Net realized and unrealized gain on investments	(130,031)	(669,441)
(Decrease) increase in cash resulting from changes in operating assets and liabilities:		
Contributions receivable	(40,370)	1,673,386
Prepaid expenses and other assets	3,373	(21,523)
Accounts payable and accrued expenses	143,340	(10,636)
Deferred revenue	52,711	(43,044)
Deferred rent	(4,246)	23,682
Other liabilities	-	-
Net cash (used in) provided by operating activities	<u>(481,976)</u>	<u>994,806</u>
Cash flows from investing activities		
Purchases of investments	(262,493)	(870,820)
Proceeds from sales of investments	573,906	213,046
Purchases of property and equipment	<u>(3,130)</u>	<u>(61,865)</u>
Net cash provided by (used in) investing activities	<u>308,283</u>	<u>(719,639)</u>
Net (decrease) increase in cash and cash equivalents	(173,693)	275,167
Cash and cash equivalents		
Beginning	<u>754,279</u>	<u>479,112</u>
Ending	<u>\$ 580,586</u>	<u>\$ 754,279</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

Years Ended March 31, 2019 and 2018

1. Nature of Organization

Business Description

The National Down Syndrome Society (“NDSS”) was established as an incorporated Delaware-based nonprofit organization in June 1979. The mission of NDSS is to be the leading human rights organization for all individuals with Down syndrome. NDSS envisions a world in which all people with Down syndrome have the opportunity to enhance their quality of life, realize their life aspirations and become valued members of welcoming communities.

To fulfill their mission and further this vision, NDSS provides the following state-of-the-art programming areas:

- **THE NDSS NATIONAL HEALTH PROMOTION AND RESOURCES PROGRAM**
The NDSS National Health Promotion and Resources Program promotes health and wellness throughout the Down syndrome community and features the National Buddy Walk® Program, Athlete Ambassador Team, Premier Charity Racing Teams and Our Healthy Community initiative. The National Buddy Walk® Program is the world’s most widely recognized public awareness program for the Down syndrome community and includes more than 230 walks across the US and internationally.
- **INCLUSIVE EDUCATION PROGRAM**
NDSS’ Inclusive Education Program works alongside families, school districts, and policy makers to ensure that every student with Down syndrome is educated in an inclusive environment. While no two students are alike in skills and talents, each and every student has the right to be a fully accepted and active member of their school participating along with their peers without disabilities in all the activities, instructional and non-instructional, matching their talents with appropriate supports to help them reach their full potential.
- **#DSWORKS® EMPLOYMENT PROGRAM**
#DSWORKS® encourages businesses, from Main Street to Wall Street, to invest in hiring individuals with Down syndrome. In addition to employment, NDSS works with our #DSWORKS® Corporate & Strategic partners to create meaningful employment pathways for the Down syndrome community, increasing their bottom line and creating a culture of awareness and inclusion.
- **NDSS NATIONAL BUDDY WALK® PROGRAM**
Since 1995, the Buddy Walk® has been the premier Down syndrome awareness and advocacy peer-to-peer fundraising program in the world. The Buddy Walk® was created by NDSS to promote acceptance and inclusion of people with Down syndrome and to raise funds for local and national initiatives that support people with Down syndrome and their families. The National Buddy Walk® Program will celebrate its 25th Anniversary in 2019 and introduce a rebrand of the entire program.
- **NDSS ATHLETE AMBASSADOR PROGRAM**
Since launching the NDSS Athlete Ambassador Program in 2017, the team has attracted nearly 200 dedicated Athletes. The 2018-2019 Athlete Ambassador team featured individuals who are active in a variety of sports such as running, swimming, cycling, powerlifting, yoga, climbing, and triathlons. Our athletes push themselves in training and competition to be the best they can be while representing and advocating for the Down syndrome community. Whether it’s a local 5k or an international Ironman race, our athletes can be found across the globe competing for NDSS.

National Down Syndrome Society

This program has allowed NDSS to secure incredible sports-focused partnerships, including Newton Running, Honeystinger, Zensah, Flipbelt, Headsweats, Bombas, Nuun, RunLites, NoxGear, Foxelli Headlamps, Defunkify Detergent, Running Warehouse and Road ID, that have helped make all #TeamNDSS events possible over the past year.

Our Athlete Ambassador Program is growing, and offers various opportunities to foster new partnerships and highlight the success of athletes representing NDSS globally through various sports and activities.

- **NDSS DOWN SYNDROME COMMUNITY OUTREACH & SUPPORT**

NDSS is proud to work with a network of more than 380 local Down syndrome affiliates across the country to provide an array of benefits to help better service the Down syndrome community.

Through our Information and Referral Center, NDSS receives more than 10,000 requests a year for information on Down syndrome. NDSS responds to questions from parents, professionals, self-advocates and other interested individuals. Our toll-free helpline and email service is supported by a translation service that can be accessed in more than 150 languages.

NDSS continues to provide the most up to date information on Down syndrome. NDSS publishes guides and information brochures in both English and Spanish. Our publications provide comprehensive information across the lifespan of individuals with Down syndrome, from birth to end of life.

- **NDSS NATIONAL ADVOCACY & PUBLIC POLICY CENTER**

NDSS' National Advocacy & Public Policy Center, located in Washington, D.C., advocates for Federal, state and local policies that positively impact all people with Down syndrome across the country. Our comprehensive legislative agenda is centered on five important areas across the lifespan: healthcare & research, education, economic self-sufficiency, community integration, and employment. We focus on legislation that would improve the lives of people with Down syndrome. These priorities have been shaped by self-advocates, families, affiliate leaders and others under the direction of the NDSS Board of Directors.

- **NDSS DS-AMBASSADOR® PROGRAM**

Participants in the NDSS DS-AMBASSADOR® Program are volunteer advocates of all abilities committed to taking part in the democratic process and serving as liaisons between NDSS and their congressional delegates. The overarching goal of the NDSS DS-AMBASSADOR® Program is to build long-lasting relationships with U.S. Senators and Representatives to continually raise awareness, educate and advocate for public policy solutions that benefit the Down syndrome community at the federal level. Participants in the program are crucial to the success of NDSS.

The program was revamped at the beginning of 2019 to include a two-year contract and commitment from each NDSS DS-AMBASSADOR® and the program has grown to about 200 participants.

The organization is funded primarily by contributions and special events.

National Down Syndrome Society

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

The net assets of NDSS and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the “Board”) and/or management for general operating purposes. The Board may designate a portion of these net assets for a specific purpose which makes them unavailable for use at management’s discretion.

See Note 6 for more information on the composition of board-designated net assets.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

NDSS reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting NDSS to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations of a Board approved spending policy.

See Note 7 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Cash and Cash Equivalents

NDSS considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

NDSS maintains cash in several bank accounts which, at times, may exceed federally-insured limits. NDSS has not experienced any losses in such accounts.

Investments

Investments are valued at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gains and losses are included with investment income in the statements of activities.

National Down Syndrome Society

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization of property and equipment is being provided for by the straight-line method over the estimated useful lives of the related assets. NDSS's policy is to capitalize individual property and equipment expenditures in excess of \$500 and a useful life of two or more years.

NDSS capitalizes all costs related to the development of internal use software other than those incurred during the application development stage which are expensed as incurred. Costs incurred during the application development stage which are required to be capitalized are amortized over the estimated useful life of the software.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows discounted to fair value using an appropriate interest rate applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are substantially met and are reflected as deferred revenue in the accompanying statements of financial position.

At March 31, 2019, all contributions receivable are expected to be collected within one year.

Contributed Goods and Services

Contributed services or the use of equipment, materials or facilities at less than fair value are recorded at their fair value in accordance with professional standards, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by NDSS. Contributed goods and materials are recorded at their fair value when they are promised.

The amount applicable to in-kind contributions is reflected in the financial statements as both support and expenses as follows for the years ended March 31, 2019 and 2018:

	2019	2018
Consultation and personnel fees	\$ 232,947	\$ 642,527
Golf outing	17,600	33,705
NYC Buddy Walk advertising	26,960	24,000
Annual benefit auction items	104,894	80,930
Other	6,914	11,475
Total in-kind contributions	<u>\$ 389,315</u>	<u>\$ 792,637</u>

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of NDSS are reported as expenses of those functional areas. A portion of Management and General costs that benefit multiple functional areas (indirect costs) have been allocated across Programs and Other Supporting Services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

Concentrations

Contributions from one donor represent 13% and 28% of contributions for the years ending March 31, 2019 and 2018, respectively.

National Down Syndrome Society

Fair Value of Financial Instruments

NDSS follows the accounting standards for fair value measurement and disclosures for financial assets and liabilities which clarify the definition of fair value, prescribe methods for measuring fair value, establish a fair value hierarchy based on the inputs used to measure fair value and expand disclosure about the use of fair value measurements. The following table presents financial assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value.

	Fair Value Measurements at March 31, 2019			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Mutual Funds - Fixed Income	\$ 4,554,874	\$ 4,554,874	\$ -	\$ -
Mutual Funds - Equities (a)	6,404,357	6,404,357	-	-
	<u>\$ 10,959,231</u>	<u>\$ 10,959,231</u>	<u>\$ -</u>	<u>\$ -</u>

(a) Mutual Funds - Equities are primarily comprised of U.S. Large Cap, Mid Cap and International Developed Funds

	Fair Value Measurements at March 31, 2018			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Mutual Funds - Fixed Income	\$ 4,731,946	\$ 4,731,946	\$ -	\$ -
Mutual Funds - Equities (a)	6,408,665	6,408,665	-	-
	<u>\$ 11,140,611</u>	<u>\$ 11,140,611</u>	<u>\$ -</u>	<u>\$ -</u>

(a) Mutual Funds - Equities are primarily comprised of U.S. Large Cap, Mid Cap and International Developed Funds

Accounting Pronouncements Adopted

In August 2016, the FASB issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

National Down Syndrome Society

Comparative Financial Information

The 2018 financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the NDSS's financial statements for the year ended March 31, 2018, from which the information was derived.

3. Investments

Investments consist of the following at March 31,:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Equities - common stocks and mutual funds	\$ 5,246,549	\$ 6,404,357	\$ 5,185,803	\$ 6,408,665
Mutual Funds - fixed income	4,589,707	4,554,874	4,860,938	4,731,946
	<u>\$ 9,836,256</u>	<u>\$ 10,959,231</u>	<u>\$ 10,046,741</u>	<u>\$ 11,140,611</u>

As of March 31, 2019, the following NDSS's investments were in excess of 10% of the fair value of its portfolio:

Vanguard Total Stock Market Index Fund Admiral Shares	35%
Vanguard Total International Stock Index Fund Admiral Shares	23%
Vanguard Total Bond Market Index Fund Admiral Shares	14%
Vanguard Total International Bond Index Fund Admiral Shares	12%

Investment income includes the following for the years ended March 31,:

	2019	2018
Interest and dividends	\$ 283,743	\$ 244,143
Unrealized gain	29,105	640,272
Realized gain	100,920	29,169
Investment fees	(21,250)	(17,695)
	<u>\$ 392,518</u>	<u>\$ 895,889</u>

National Down Syndrome Society

4. Property and Equipment, Net

Property and equipment, at cost, consists of the following at March 31,:

	<u>2019</u>	<u>2018</u>	<u>Depreciation/ Amortization Period</u>
Furniture, fixtures and equipment	\$ 28,567	\$ 30,062	3-5 years
Computer software/website	92,834	89,704	3-5 years
	<u>121,401</u>	<u>119,766</u>	
Less: accumulated depreciation and amortization	<u>(78,080)</u>	<u>(51,901)</u>	
	<u>\$ 43,321</u>	<u>\$ 67,865</u>	

Depreciation and amortization amounted to approximately \$28,000 and \$19,000 for the years ended March 31, 2019 and 2018, respectively.

5. Liquidity and Availability of Resources

NDSS's financial assets available within one year of the statements of financial position date for general expenditures is as follows:

March 31,	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 580,586	\$ 754,279
Contributions receivable	198,596	158,226
Investments	<u>10,959,231</u>	<u>11,140,611</u>
Total Financial assets available within one year	<u>11,738,413</u>	<u>12,053,116</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Endowment funds	(1,073,441)	(1,073,441)
Restricted by donors with purpose restrictions	(418,063)	(405,625)
Board designations:		
Capital reserves	<u>(7,019,350)</u>	<u>(6,792,652)</u>
	<u>(8,510,854)</u>	<u>(8,271,718)</u>
Total financial assets available to management general expenditures within one year	<u>\$ 3,227,559</u>	<u>\$ 3,781,398</u>

Liquidity Management

Endowment funds consist of donor-restricted endowments and board-designated endowments. Income from donor-restricted endowments that is restricted for specific purposes is not available for general expenditure. As described in Note 8, NDSS's board-designated endowment can make available, if needed, an annual appropriation of 4%. Although NDSS does not intend to spend from this board-designated endowment (other than the amounts appropriated per the board's annual appropriation), these amounts could be made available if necessary.

National Down Syndrome Society

As part of NDSS's liquidity management, it maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

6. Net Assets Without Donor Restrictions- Board Designated

Board designated endowment – NDSS Board of Directors and Leadership designated funds with the goal of investing significant resources into NDSS's mission and programs and allowing local Down syndrome affiliates and Buddy Walks to maintain additional local resources and expand their programs in advocacy and employment for all people with Down syndrome. Net Assets without donor restrictions designated by the Board for endowment amounted to \$7,019,350 as of March 31, 2019.

7. Net Assets With Donor Restrictions - Purpose

Net assets with donor restrictions at March 31, 2019 and 2018 are available for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Endowment Funds:		
Hamilton Testamentary Trust	\$ 209,700	\$ 213,332
Weaver Fund	8,982	6,926
Total Endowment Funds	<u>218,682</u>	<u>220,258</u>
Time Restrictions	110,000	-
O'Neill - Tabani Scholarship Program	85,703	108,076
Brandon Gruber Scholarship Fund	3,000	-
Ethan Saylor Memorial Fund	678	1,078
Research - Innovation and Discovery Fund	-	72,816
#DSWORKS	-	1,708
Texas Relief Fund	-	1,689
	<u>\$ 418,063</u>	<u>\$ 405,625</u>

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the following restricted purposes specified by the donor during the years ended March 31,:

	<u>2019</u>	<u>2018</u>
National Buddy Walks	\$ 400,617	\$ 419,790
Research Innovation and Discovery Fund	122,816	104,887
Hamilton Testamentary Trust	47,905	46,675
O'Neill - Tabani Scholarship Program	26,000	22,000
#DSWORKS	21,708	11,987
Texas Relief Fund	1,689	4,250
Ethan Saylor Memorial Fund	500	500
Wasily Family Foundation - Research	-	63,592
	<u>\$ 621,235</u>	<u>\$ 673,681</u>

National Down Syndrome Society

8. Endowment Funds

Donor restricted endowment net assets are restricted to investments in perpetuity, the income from which is available for the following purposes at March 31,:

	<u>2019</u>	<u>2018</u>
Hamilton Testamentary Trust (1)	\$ 1,052,625	\$ 1,052,625
William B. Weaver Conference Scholarship Fund	<u>20,816</u>	<u>20,816</u>
	<u>\$ 1,073,441</u>	<u>\$ 1,073,441</u>

- (1) Restricted bequest, from the estate of Jane Hamilton Warriner, whose income is to be used exclusively to support research into the behavior, cognitive development and related treatment for children and adults with Down syndrome.

NDSS's endowment consists of two donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported on the existence or absence of donor-imposed restrictions.

The Board of Directors of NDSS has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, NDSS classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by NDSS in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, NDSS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of NDSS and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation or deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of NDSS
- (7) Where appropriate and circumstances would otherwise warrant, alternative to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have had on NDSS
- (8) The investment policy of NDSS

National Down Syndrome Society

Endowment Net Assets by Type of Fund as of March 31, 2019:

	Without Donor Restrictions	With Donor Restriction		Total
		Purpose	Endowment	
Donor-restricted endowment funds	\$ 7,019,350	\$ 218,682	\$ 1,073,441	\$ 8,311,473

Changes in Endowment Net Assets for the Year Ended March 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	
		Purpose	Endowment
Endowment net assets, beginning of year	\$ 6,792,652	\$ 220,358	\$ 1,073,441
Investment return:			
Interest and dividends	177,473	33,119	-
Net appreciation (realized and unrealized)	52,332	15,688	-
Investment fees	(3,107)	(2,478)	-
Total investments return	226,698	46,329	-
Appropriation of endowment expenditure	-	(47,905)	-
Net appropriations	-	(47,905)	-
Endowment net assets, end of year	\$ 7,019,350	\$ 218,782	\$ 1,073,441

Changes in Endowment Net Assets for the Year Ended March 31, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Investment return:			
Interest and dividends	152,157	30,133	-
Net appreciation (realized and unrealized)	451,253	92,307	-
Investment fees	(10,758)	(2,687)	-
Total investments return	592,652	119,753	-
Appropriation of endowment expenditure	-	(46,575)	-
Net appropriations	-	(46,575)	-
Endowment net assets, end of year	\$ 6,792,652	\$ 220,358	\$ 1,073,441

National Down Syndrome Society

NDSS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include assets of donor-restricted funds that NDSS must hold in perpetuity. NDSS expects its endowment funds, over time, to provide an average rate of return of approximately 7.5% annually. Actual returns in a given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, NDSS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). NDSS targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NDSS has a policy of appropriating for distribution each year 4% of its permanently restricted assets' average fair value based on a rolling 20 quarter average, plus investment custodial fees, through the calendar year end preceding the year in which the distribution is planned. In establishing this policy, NDSS considered the long-term expected return on its endowment. Accordingly, over the long-term, NDSS expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the NDSS's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

9. Pension

NDSS established a non-contributory defined contribution profit sharing plan covering all eligible employees. The pension expense for the years ended March 31, 2019 and 2018 was \$21,500 and \$24,249, respectively.

10. Deferred Revenue

Deferred revenue represents conditional contributions and sponsorships for future events that will occur after March 31, 2019. These conditional contributions and sponsorships will have to be refunded if the events do not occur. Deferred revenue as of March 31, 2019 and 2018 was \$62,647 and \$9,936, respectively.

11. Operating Leases

NDSS is under non-cancellable operating leases for office space in Washington D.C. and New York, expiring on June 30, 2020 and April 15, 2026, respectively. Rent expenses under the leases are subject to escalations for increases in electricity and real estate taxes. The Washington D.C. and New York leases contain rent abatements for two months of the first year, and twelve months of the first year, respectively. Future minimum rental payments under these leases, exclusive of the required payments for increases in electricity and real estate taxes for the next five years and in the aggregate are as follows:

Years Ending March 31,

2020	\$	163,285
2021		120,980
2022		108,875
2023		112,141
2024		115,505
Thereafter		256,883
	\$	<u>877,669</u>

National Down Syndrome Society

Rent expense is incurred on a straight-line basis over the terms of the lease, including the free rent period. Rent expense for the year ended March 31, 2019 and 2018 was approximately \$163,000 and \$153,000, respectively.

12. Subsequent Events

NDSS has evaluated subsequent events through August 20, 2019, the date the financial statements were available to be issued. All subsequent events requiring recognition or disclosure have been included in these financial statements.

WWW.MAZARSUSA.COM



MAZARS

ACCOUNTING | TAX | CONSULTING